



General Information

Should I file Form IL-1040-X?

You should file Form IL-1040-X, Amended Individual Income Tax Return, if you need to change a previously filed Form IL-1040, Individual Income Tax Return and your change affects items used to figure your Illinois net income or credits.

Your change can occur from a state change or a federal change, *i.e.*

- an amendment of your federal income tax return,
- an adjustment made by the Internal Revenue Service (IRS), or
- any other recomputation or redetermination.

You should file Form IL-1040-X **only** after you have filed a processable Illinois Income Tax return. A separate Form IL-1040-X must be filed for each tax year you wish to change.

Note Do not file Form IL-1040-X if you are changing only your name, address, or Social Security number. Instead, forward this information to the address provided under "What if I need assistance?"

How long do I have to correct or amend my return?

You may **correct** your current year return before the automatic six-month extension period, which is October 15, if you have already filed an original return. Any Form IL-1040-X filed prior to the automatic extension date will be considered a "corrected" rather than an amended return and any penalties and interest may be refigured.

We will consider your Form IL-1040-X an **amended** return if you file it after you filed an original return and after the extended due date has passed. If you file an amended return after the extended due date, any penalty for late payment of estimated tax will remain as originally assessed.

Note You must file Form IL-1040-X, along with proper supporting documentation, for both corrected and amended returns.

The amount of time you have to amend your return depends on whether your Form IL-1040-X is being filed due to a state change or a federal change.

State change only – If your change decreases the tax due to Illinois and you want a refund, you must file an amended return (claim for overpayment) within

- three years after the extended due date,
 - three years after the date your original return was filed, or
 - one year after the date your Illinois tax was paid,
- whichever is latest.

If your change increases the tax you owe to Illinois, you should file a Form IL-1040-X and pay the tax, penalty, and interest as soon as you realize that it is owed.

Federal change (including NOLs) – You should **not** file this form until you receive a federal finalization notification from the IRS stating that they have accepted your change either by paying a refund or by final assessment, agreement, or judgment.

If your federal change decreases your Illinois tax, and you want a refund, you must file an amended return (claim for overpayment) within two years plus 120 days of federal finalization.

If your federal change increases your Illinois tax, you must file a Form IL-1040-X and pay any additional tax within 120 days of the federal finalization date, or you may be assessed a late-payment penalty.

Note If your amended return is filed incorrectly and additional liability is due, we must issue you a notice of deficiency within two years from the date you filed Form IL-1040-X. If you fail to file an amended return when required, we may issue you a notice of deficiency at any time.

What if I have a net operating loss deduction?

In general, Illinois allows you to take the same net operating loss (NOL) carryback or carryforward deduction allowed on your federal income tax return. A carryback deduction is a "federal change" that reduces your adjusted gross income on Step 2, Line 1. Check the box marked "NOL" on Step 1, Line 5, and indicate the date the IRS accepted your carryback deduction. This will usually be the date on which the IRS issued your refund check. You must file Form IL-1040-X within 2 years plus 120 days after that date to receive a refund.

Illinois does not allow you to deduct the same NOL twice. To prevent a double deduction of your NOL, your deduction for a tax year cannot be greater than the federal NOL available for deduction in that year minus the federal NOL available to carry to later years. This is the amount reported as "Modified Taxable Income" on federal Form 1045, Application for Tentative Refund, Schedule B. For tax years

- 2006, this amount is found on Line 9,
- 1999 through 2005 forms, this amount is found on Line 8,
- prior to 1999, this amount is found on Line 7.

If you have NOL available to carry to next year, **attach** a copy of your federal Form 1045 Schedule B.

If you are a resident in the year you are allowed a federal NOL deduction, Illinois allows you to deduct the entire amount even if you were not a resident in the year the loss occurred. If you are a nonresident or part-year resident in the year you are allowed the federal NOL deduction, see the instructions for Step 3, Line 21, of Illinois Schedule NR, Nonresident and Part-Year Resident Computation of Illinois Tax.

Example: In tax year 2006, Paul Taxpayer, a nonresident individual, has \$20,000 in federal net losses from Partnership A and \$180,000 in net losses from Partnership B. He has \$100,000 in income from other sources, so his adjusted gross income for 2006 is a net operating loss of \$100,000. Federally, Paul Taxpayer carries the entire \$100,000 loss back to 2004.

Ten percent of the \$100,000 net operating loss deduction for 2004 is attributable to Partnership A (Partnership A's \$20,000 loss in 2006 is divided by the \$200,000 in total losses incurred from partnerships in 2006) and 90 percent of the net operating loss deduction is attributable to Partnership B. Refer to Schedule NR Instructions for Step 3, Line 21, to determine the amount of each partnership's net operating loss deduction amount that is allocated or apportioned to Illinois.

What should I attach to Form IL-1040-X when claiming a NOL?

In order to support a refund claimed as a result of a finalized federal NOL carryback, you must attach the following information:

- a complete copy of the U.S. 1040X, Amended U.S. Individual Income Tax Return, or U.S. 1045 including any Schedules A and B, if filed;
- a copy of any refund check and a complete copy of any other notification you received from the IRS that they accepted the changes shown on your U.S. 1040X or U.S. 1045;

In addition, if you were a nonresident or part-year resident of Illinois in the carryback year, you must also attach

- copies of the U.S. 1040, Pages 1 and 2, and Schedules C, E, and F that were filed for the **loss year**. Include supporting information that identifies the partnerships and Subchapter S corporations (names and FEINs) whose losses are included in Schedules C, E and F and the amount of loss incurred by each entity.
- copies of Schedule K-1-P or other documentation for the **carryback year** for each partnership or S corporation through which you incurred an NOL in the loss year and that identifies each entity's apportionment formula for the carryback year.

If you fail to attach the required information to your Form IL-1040-X, your refund may be delayed or denied.

What is my exemption allowance?

The allowance for each exemption you may claim for yourself and your dependents is listed below. If your Form IL-1040-X, is for tax year

- 1998, your allowance is \$1,300 for each exemption.
- 1999, your allowance is \$1,650 for each exemption.
- 2000 and after, your allowance is \$2,000 for each exemption.

The additional exemption allowance for taxpayers and their spouses who are 65 years of age or older or who are legally blind is \$1,000 for all years. See the "Exemption Allowance Worksheet" on the next page.

What must I attach to my Form IL-1040-X?

If you are filing Form IL-1040-X because

- you filed a U.S. Form 1040X to report a federal change other than a NOL carryback, you must include a copy of that form and a complete copy of the notification you received from the IRS that they accepted the changes shown on your U.S. Form 1040X; e.g. a refund check, "Statement of Account," agreement, or judgment. If you do not have a copy of this notification, please contact the IRS at 1 800 829-0922 to request a record of your account.
- of a change made by the IRS, you must include copies of all the federal examining officer's reports, including preliminary, revised, corrected, and superseding reports.
- you copied information incorrectly from your federal income tax return to your Form IL-1040, you must attach a copy of your federal form.
- of any other changes, see the appropriate tax year's instructions for Form IL-1040 and any schedules to see what to attach.



If the change you are making requires a supporting schedule or form, you must attach it to your Form IL-1040-X. **Without proper attachments, we may partially or totally deny your claim.**

What if my claim is denied?

If we deny your claim by a written notice of denial, you may file a written protest within 60 days and request a hearing. If you do not hear from us within six months after you have filed your claim, you may file a written protest at any time and request a hearing.

What if I need assistance?

If you need assistance,

- visit our web site at tax.illinois.gov,
- call our Taxpayer Assistance Division at **1 800 732-8866** or **217 782-3336**,
- call our TDD (telecommunications device for the deaf) at **1 800 544-5304**, or
- write to us at the Illinois Department of Revenue, P.O. Box 19044, Springfield, Illinois 62794-9044.

What if I need additional forms or schedules?

If you need additional forms or schedules,

- visit our web site at tax.illinois.gov,
- call our 24-hour Forms Order Line at **1 800 356-6302**, or
- write to us at the Illinois Department of Revenue, P.O. Box 19010, Springfield, Illinois 62794-9010.

Step-by-Step Instructions

Everyone filing this return **must** complete Step 3, Lines 30 through 34. Step 3 is found on page 2 of Form IL-1040-X.

Tax year: Write the tax year you are amending in the space provided at the top of Form IL-1040-X. You must file a separate Form IL-1040-X for each year you are amending.

Step 1: Personal information

Line 1 – Print or type your current Social Security number(s), name(s), and address.

Line 2 – Check the box if your Social Security number(s), name(s), or address are different on this return than on any previously filed return.

Line 3 – Check the box to indicate your filing status. If your filing status is different from your previously filed return, explain your change in Step 3, Line 34.



You must file your Illinois return using the same filing status as on your federal return. For example, you must file a joint Illinois return if you filed a joint federal return.

There is one exception to this rule. If either you or your spouse is an Illinois resident and the other is a part-year resident or nonresident, you must file "married filing separately" unless you elect to file a joint return on which you are both treated as residents. You may make or revoke this election at any time prior to the extended due date of the return by filing Form IL-1040-X.

If you originally filed a joint return, but did not treat both yourself and your spouse as Illinois residents, you must correct that error by either filing a joint IL-1040-X treating yourselves as Illinois residents or by filing separate IL-1040-X forms, even if the extended due date has passed.

Line 4 – Check the appropriate box. If you check the nonresident or part-year resident box, attach a completed Schedule NR.

Line 5 – Check the appropriate box that describes your change. The date needed for federal and NOL changes is the date of federal finalization, not the date you filed your U.S. 1040X.

Step 2: Financial information

For appropriate line entries, refer to your Illinois Income Tax return for the year you are changing. The line numbers on your Form IL-1040-X may not match the line numbers on your original return.

If you filed an Illinois Schedule CR, Credit for Taxes Paid to Other States, Illinois Schedule NR, or Illinois Schedule ED, Credit for K-12 Education Expenses, with your original Form IL-1040 or previously filed Form IL-1040-X, you must complete and attach a corrected Schedule CR, Schedule NR, or Schedule ED. For each change you make, you must give an explanation in Step 3, Line 34.

Column A – Most recent figures filed

Complete this column using the figures from your most recently filed tax return for the year you are changing. These figures may be from your original Form IL-1040, electronically filed return, or previously filed Form IL-1040-X.

The exemption section of Form IL-1040 is not the same for all tax years. Therefore, when you complete your Form IL-1040-X, Lines 12a and 12b (number of exemptions), use these instructions to determine the correct number of exemptions to write in this column. For tax years ending **before December 31, 1998**, leave Lines 12a and 12b blank.

Line 12a

- For tax years ending **on or after December 31, 1998, and before December 31, 2000**, this number is found by adding the numbers in the box or the oval on Line 12a of your Form IL-1040 return.
- For tax years ending **on or after December 31, 2000**, this number is found by adding the numbers on Lines 12a and 12b of your Form IL-1040 return.

Line 12b

- For tax years ending **on or after December 31, 1998, and before December 31, 2000**, this number is found by adding the number of boxes you checked on Line 12b of your Form IL-1040 return.


➤ For tax years ending **on or after December 31, 2000**, this number is found by adding the number of boxes you checked on Lines 12c and 12d of your Form IL-1040 return.

Column B – Corrected figures

Complete this column using your corrected figures, following the instructions for each line.

Income – Lines 1 through 4

Line 1 – Adjusted gross income: If your adjusted gross income is changing due to a federal change, you must attach proof of federal finalization.

 **Note** If you are changing Line 1 to take an NOL deduction, see “General Information” for additional details.

Line 2 – If you are changing the amount on this line, refer to the Form IL-1040 Instructions.

Line 3 – You must provide an explanation in Step 3, Line 34, if this is a change to your previously filed return.

For tax years ending **on or after December 31, 2004**, you must complete Schedule M, Other Additions and Subtractions, and write the total addition amount from Schedule M here.

For tax years ending **before December 31, 2004**, refer to the Form IL-1040 instructions for the year you are amending to determine which items you must include on this line. You must list each item and the amount on the line provided on Form IL-1040-X.

Subtractions – Lines 5 through 9

Any changes that you make to the subtraction lines 5 through 9 require corrected support for that line. See Form IL-1040-X for a list of supporting documents that you must attach. You must also provide an explanation in Step 3, Line 34, if this is a change to your previously filed return.

Line 9 – For tax years ending **on or after December 31, 2004**, you must complete Schedule M, and write the total subtraction amount from Schedule M here.

For tax years ending **before December 31, 2004**, refer to the Form IL-1040 instructions for the year you are amending to determine which items you may include on this line. You must list each item and the amount on the line provided on Form IL-1040-X.

Lines 10 and 11 – Follow the instructions on the form.

Exemptions and Net Income – Lines 12 and 13

For tax years ending **before December 31, 1998**, leave Lines 12a and 12b blank. Use the Form IL-1040 instructions for the year you are amending to find your total number of exemptions, and multiply by \$1,000. Write the result on Line 12 (Illinois residents) or Schedule NR (nonresidents and part-year residents).

For tax years ending **on or after December 31, 1998**, complete the “Exemption Allowance Worksheet” by following the Form IL-1040 Instructions for the year you are amending.

Line a – Write the total number of exemptions from Line a of the worksheet for all tax years.

Line b – Write the total number of exemptions from Line b of the worksheet for tax years ending prior to December 31, 2000, or from Line c of the worksheet for tax years ending on or after December 31, 2000.

Line 12 – Residents: Write the exemption allowance from the worksheet.

Nonresidents and part-year residents: Do not write an amount on Line 12. However, you must write any changes to the number of your exemptions on Lines 12a and 12b. Then, go to Line 14.

If you change the number of your exemptions, you must explain the reason, in detail, in Step 3, Line 34.

Attach a copy of your original federal return or amended U.S. Form 1040X that supports the exemption change, and a copy of your corrected Schedule NR.



Exemption Allowance Worksheet Line 12

If you are amending a Form IL-1040 for a tax year ending

➤ **on or after December 31, 1998, and before December 31, 1999, complete the following calculation:**

Form IL-1040

$$a \quad \square + \bigcirc = \text{Total} \quad \times \$1,300 = a \quad \$ \quad \square$$

$$b \quad \square + \square + \square + \square = \text{Total} \quad \times \$1,000 = b \quad \$ \quad \square$$

Add Lines a and b. = \$. Write on Form IL-1040-X, **Line 12**.

➤ **on or after December 31, 1999, and before December 31, 2000, complete the following calculation:**

Form IL-1040

$$a \quad \square + \bigcirc = \text{Total} \quad \times \$1,650 = a \quad \$ \quad \square$$

$$b \quad \square + \square + \square + \square = \text{Total} \quad \times \$1,000 = b \quad \$ \quad \square$$

Add Lines a and b. = \$. Write on Form IL-1040-X, **Line 12**.

➤ **on or after December 31, 2000, complete the following calculation:**

Form IL-1040

$$a \quad \square + b \quad \square = \text{Total} \quad \times \$2,000 = a \quad \$ \quad \square$$

$$c \quad \square + \square + d \quad \square + \square = \text{Total} \quad \times \$1,000 = c \quad \$ \quad \square$$

Add Lines a and c. = \$. Write on Form IL-1040-X, **Line 12**.

Line 13 – Residents: Figure your net income by subtracting Column B, Line 12, from Line 11, and write the result on Line 13.

Tax and Contributions – Lines 14 through 16

Line 14 – The current income tax rate is 3 percent, beginning with tax year 1990. For income tax rates prior to 1990, contact us. Refer to our address and telephone numbers under “What if I need assistance?” on Page 2 of these instructions.

Residents: Multiply your net income on Line 13 by the applicable tax rate for the year you are changing.

Nonresidents and part-year residents: Write the most recently filed and corrected Illinois base income amounts from Schedule NR, on the lines provided. Write the correct tax amount from Schedule NR on Line 14. These amounts are found on the following lines of Schedule NR: For tax years ending **on or after**

➤ **December 31, 1998, and before December 31, 2002**

Illinois base income: Step 5, Line 45.

Correct tax amount: Step 5, Line 51.

➤ **December 31, 2002, and before December 31, 2004**

Illinois base income: Step 5, Line 47.

Correct tax amount: Step 5, Line 53.

➤ **December 31, 2004, and before December 31, 2005**

Illinois base income: Step 5, Line 49.

Correct tax amount: Step 5, Line 55.

➤ **December 31, 2005, and before December 31, 2006**

Illinois base income: Step 5, Line 50.

Correct tax amount: Step 5, Line 56.

If you are recapturing investment credits, be sure to add this amount to your tax on Line 14 and attach Schedule 4255, Recapture of Investment Tax Credits.

If your tax amount changes, you must attach your amended Schedule NR, Schedule CR, Schedule ED, or Schedule 1299-C, if previously filed.

Line 15 – Write the total amount of


- **all previous** overpayments, refunds, and credit carryforward from your original Illinois Income Tax return or previously filed Form IL-1040-X. Do not include interest that you have received.
- **your original voluntary contributions** to state funds. You may not change the amount of your voluntary contributions to state funds made on your original Illinois Income Tax return.

Line 16 – Follow the instructions on the form.

Payments and Credits – Lines 17 through 25

Line 17 – If the amount of your withholding changes from your previously filed return, attach copies of all W-2 forms.

Line 18 – Write the total of estimated tax payments you made with Form IL-1040-ES, payments made with Form IL-505-I, and previous overpayment that was credited to the year you are changing.

 **Note** A change in your tax may result in a change to the credits allowed on Lines 19, 20b, 21b, 22b, and 23.

Line 19 – If you claimed a credit for tax paid to other states on your previously filed return or if you are filing Form IL-1040-X because you qualified for this credit but did not previously claim it, you must correct or complete Schedule CR and attach it along with complete copies of any other states' original returns, corrected returns, schedules and attachments, or other supporting documentation.

Credits on Lines 20, 21, and 22 – When claiming a credit on Lines 20b, 21b, or 22b, you must write an amount for both Line **a** and Line **b** on your Form IL-1040-X. See the Form IL-1040 Instructions for the appropriate worksheets and follow the instructions on the worksheets.

Line 20 – If you claimed an Illinois Property Tax credit on your previously filed return or if you are filing Form IL-1040-X because you qualified for this credit but did not previously claim it, you must correct or complete the Homeowner's Property Tax (PT) Worksheet found in the Form IL-1040 Instructions.


Line 21 – If you claimed an education expense credit on your previously filed return or if you are filing Form IL-1040-X because you qualified for this credit but did not previously claim it, you must correct or complete Schedule ED or the Education Expense (ED) Worksheet found in the Form IL-1040 Instructions. Attach your completed Schedule ED or the receipt you received from your school.

Line 22 – If you claimed an Earned Income Tax credit on your previously filed return or if you are filing Form IL-1040-X because you qualified for this credit but did not previously claim it, you must correct or complete the Earned Income Credit (EIC) Worksheet found in the Form IL-1040 Instructions, and attach it to your Form IL-1040-X.

Check the box on Line 22 if you were an Illinois resident at the end of the tax year, you are claiming the Illinois Earned Income Credit, and you have a qualifying child who

- was under age 19 at the end of the tax year,
- is not a foster child, and
- lived with you for more than half of the tax year.

Line 23 – If you claimed a credit from Schedule 1299-C on your previously filed return or if you are filing Form IL-1040-X because you qualified for this credit but did not previously claim it, you must correct or complete Schedule 1299-C and attach it to your Form IL-1040-X.

 **Note** For tax years ending on or before December 31, 2002, the total of Lines 19, 20b, 21b, 22b and 23 cannot exceed the amount of tax on Line 14. For tax years beginning on or after January 1, 2003, the total of these lines may exceed the amount of tax on Line 14 (for eligible taxpayers), but only by the amount of your EIC on Line 22b.


Line 24 – If you made payments with your Form IL-1040, previously filed Form IL-1040-X, or for any other reason (*i.e.* paying your electronic return balance due or responding to a notice or a bill), you

should write the total of all tax payments made on Line 24. Do not include any penalties and interest paid.

Line 25 – Follow the instructions on the form.

Refund or balance due – Lines 26 through 29

Line 26 – Follow the instructions on the form. We will figure any interest due to you and include it in your refund check.

 **Note** You may **not** request any overpayment to be credited to estimated tax.

Line 27 – Follow the instructions on the form.


Line 28 – We encourage you to let us figure the amount of any penalties and interest you owe, and send you a bill for any amount due. However, if you prefer, you may figure the penalties and interest you owe yourself. For more information, see Publication 103, Uniform Penalty and Interest. To receive a copy of this publication, see "What if I need additional forms or schedules?" on Page 2.

Penalties and Interest


The following penalties must be paid unless you can show that the failure to timely file or pay is due to reasonable cause and not due to willful neglect.

You may owe

- **a late-filing penalty** if you do not file a processable return by the extended due date.


 **Note** Changes resulting from a net operating loss (NOL) or capital loss carryback will not affect this penalty.

- **a late-payment penalty** if you do not pay the tax you owe (including estimated payments) on time.

 **Note** If you file an amended return before the extended due date, this penalty will be adjusted based on the newly reported tax. Also, tax required to be shown on the return that was not previously reported is subject to this penalty if not paid by the original due date of the return. Changes resulting from a net operating loss (NOL) or capital loss carryback will not affect this penalty.

If you are filing to report a federal change, this penalty will not be assessed if you file Form IL-1040-X and pay the tax you owe within 120 days of the federal acceptance date shown in Step 1, Line 5.

- **a bad check penalty** if your remittance is not honored by your financial institution.
- **a cost of collection fee** if you do not pay the amount you owe within 30 days of the date printed on any ITR-85, Individual Income Tax First and Final Bill, we send you.
- **interest** on unpaid tax from the day after the original due date of your return through the date you pay the tax.

 **Note** If you received interest on the refund from your original Illinois Income Tax return or a previously filed amended return and you file an amended return that either reduces the original refund amount or results in a balance due, you must pay back the interest on the portion of the refund that you received in error.

Line 29 – Follow the instructions on the form.

Step 3 – Reason for filing (Everyone filing this return must complete this step.)

Lines 30 through 34 – Follow the instructions on the form.

Step 4 – Sign and date

Sign and date your return. If you have filed jointly, your spouse must also sign the return. If you are filing for a minor, as a parent or guardian, you must sign the return. Staple all required copies of forms and schedules, powers of attorney, and letters of estate or office to the back of the return. If you paid someone to prepare your return, that individual must also sign and date the return, and provide his or her tax identification number and a daytime phone number.